

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2002**

	Month Ended 9/30/2002					Month Ended 8/31/2002				Month Ended 7/31/2002				Current Fiscal YTD	Prior Year FY02	3 Years Ended 6/30/2002	5 Years Ended 6/30/2002
	Market Value	Allocation Actual	Policy	Quarter Net ROR	Month Net ROR	Market Value	Allocation Actual	Policy	Net ROR	Market Value	Allocation Actual	Policy	Net ROR	Net ROR	Net ROR	Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>																	
<i>Structured Growth</i>																	
<i>AllianceBernstein</i>	18,780,830	1.9%	2.3%	-13.56%	-9.13%	20,662,744	2.0%	2.3%	2.33%	20,205,496	2.0%	2.3%	-7.03%	-13.56%	-28.98%	-16.11%	N/A
<i>Russell 1000 Growth</i>				-15.05%	-10.37%				0.30%				-5.50%	-15.05%	-26.49%	-16.15%	N/A
<i>Structured Value</i>																	
<i>LSV</i>	42,506,859	4.3%	4.5%	-18.29%	-11.45%	47,984,597	4.6%	4.5%	0.20%	47,904,046	4.7%	4.5%	-7.91%	-18.29%	2.72%	5.54%	N/A
<i>Russell 1000 Value</i>				-18.77%	-11.12%				0.76%				-9.30%	-18.77%	-8.96%	-4.87%	N/A
<i>Enhanced Russell 1000 Index</i>																	
<i>LA Capital (Wilshire)</i>	40,322,633	4.1%	4.5%	-16.27%	-10.01%	44,798,602	4.3%	4.5%	0.66%	44,528,133	4.4%	4.5%	-7.56%	-16.27%	-17.00%	N/A	N/A
<i>Russell 1000</i>				-16.91%	-10.74%				0.52%				-7.40%	-16.91%	-17.89%	N/A	N/A
<i>Enhanced S&amp;P 500 Index</i>																	
<i>Northern Trust</i>	38,974,110	4.0%	4.5%	-16.71%	-10.52%	43,548,448	4.2%	4.5%	0.66%	43,256,020	4.2%	4.5%	-7.52%	-16.71%	-16.98%	N/A	N/A
<i>Strong</i>	38,723,285	3.9%	4.5%	-16.75%	-11.94%	43,964,081	4.3%	4.5%	0.74%	43,686,188	4.3%	4.5%	-6.15%	-16.75%	-20.23%	N/A	N/A
<i>Westridge</i>	48,513,336	4.9%	4.5%	-17.19%	-10.85%	53,169,250	5.1%	4.5%	0.66%	52,901,159	5.2%	4.5%	-7.72%	-17.19%	-17.54%	N/A	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>126,210,731</b>	<b>12.9%</b>	<b>13.5%</b>	<b>-16.88%</b>	<b>-11.09%</b>	<b>140,681,779</b>	<b>13.6%</b>	<b>13.5%</b>	<b>0.68%</b>	<b>139,843,367</b>	<b>13.7%</b>	<b>13.5%</b>	<b>-7.14%</b>	<b>-16.88%</b>	<b>-18.23%</b>	<b>N/A</b>	<b>N/A</b>
<i>S&amp;P 500</i>				-17.28%	-10.87%				0.66%				-7.80%	-17.28%	-17.98%	N/A	N/A
<i>S&amp;P 500 Index</i>																	
<i>State Street</i>	43,960,466	4.5%	5.3%	-17.26%	-10.86%	49,318,436	4.8%	5.3%	0.66%	48,994,975	4.8%	5.3%	-7.78%	-17.26%	-17.96%	-9.14%	3.67%
<i>S&amp;P 500</i>				-17.28%	-10.87%				0.66%				-7.80%	-17.28%	-17.98%	-9.18%	3.67%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>271,781,518</b>	<b>27.7%</b>	<b>30.0%</b>	<b>-16.78%</b>	<b>-10.82%</b>	<b>303,446,157</b>	<b>29.4%</b>	<b>30.0%</b>	<b>0.72%</b>	<b>301,476,017</b>	<b>29.5%</b>	<b>30.0%</b>	<b>-7.35%</b>	<b>-16.78%</b>	<b>-17.13%</b>	<b>-9.48%</b>	<b>2.68%</b>
<i>S&amp;P 500</i>				-17.28%	-10.87%				0.66%				-7.80%	-17.28%	-17.98%	-9.18%	3.67%
<b>SMALL CAP DOMESTIC EQUITY</b>																	
<i>Manager-of-Managers</i>																	
<i>SEI</i>	70,903,263	7.2%	8.0%	-19.10%	-7.06%	76,232,110	7.4%	8.0%	0.88%	75,712,817	7.4%	8.0%	-13.72%	-19.10%	-11.87%	N/A	N/A
<i>Russell 2000 + 200bp</i>				-20.90%	-7.01%				-0.08%				-14.93%	-20.90%	-6.68%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>70,903,263</b>	<b>7.2%</b>	<b>8.0%</b>	<b>-19.10%</b>	<b>-7.06%</b>	<b>76,232,110</b>	<b>7.4%</b>	<b>8.0%</b>	<b>0.88%</b>	<b>75,712,817</b>	<b>7.4%</b>	<b>8.0%</b>	<b>-13.72%</b>	<b>-19.10%</b>	<b>-11.87%</b>	<b>1.18%</b>	<b>1.95%</b>
<i>Russell 2000</i>				-21.40%	-7.18%				-0.25%				-15.10%	-21.40%	-8.59%	1.67%	4.44%
<b>INTERNATIONAL EQUITY</b>																	
<i>Large Cap - Core</i>																	
<i>State Street</i>	13,130,499	1.3%	1.6%	-19.99%	-10.86%	14,726,474	1.4%	1.6%	-0.59%	14,810,446	1.4%	1.6%	-9.69%	-19.99%	-11.74%	-6.76%	-2.26%
<i>MSCI EAFE - 50% Hedged</i>				-20.02%	-10.88%				-0.24%				-10.04%	-20.02%	-14.62%	-5.75%	0.27%
<i>Large Cap - Active</i>																	
<i>Capital Guardian</i>	34,237,389	3.5%	4.0%	-21.50%	-10.70%	38,322,372	3.7%	4.0%	-1.69%	39,012,138	3.8%	4.0%	-10.59%	-21.50%	-13.17%	-1.00%	5.76%
<i>Bank of Ireland</i>	7,407,705	0.8%	0.8%	-21.60%	-12.14%	8,424,945	0.8%	0.8%	-0.77%	8,501,871	0.8%	0.8%	-10.07%	-21.60%	N/A	N/A	N/A
<b>Total Large Cap - Active</b>	<b>41,645,095</b>	<b>4.2%</b>	<b>4.8%</b>	<b>-21.51%</b>	<b>-10.96%</b>	<b>46,747,317</b>	<b>4.5%</b>	<b>4.8%</b>	<b>-1.52%</b>	<b>47,514,009</b>	<b>4.6%</b>	<b>4.8%</b>	<b>-10.49%</b>	<b>-21.51%</b>	<b>-12.19%</b>	<b>-0.63%</b>	<b>6.00%</b>
<i>MSCI EAFE - 50% Hedged</i>				-20.02%	-10.88%				-0.24%				-10.04%	-20.02%	-14.62%	-5.75%	0.27%
<i>Small Cap - Active</i>																	
<i>Lazard</i>	8,303,351	0.8%	0.8%	-17.39%	-8.39%	9,056,404	0.9%	0.8%	-1.45%	9,201,991	0.9%	0.8%	-8.49%	-17.39%	N/A	N/A	N/A
<i>Wellington</i>	7,963,664	0.8%	0.8%	-17.35%	-10.01%	8,864,335	0.9%	0.8%	-2.58%	9,091,791	0.9%	0.8%	-5.73%	-17.35%	N/A	N/A	N/A
<b>Total Small Cap - Active</b>	<b>16,267,015</b>	<b>1.7%</b>	<b>1.6%</b>	<b>-17.37%</b>	<b>-9.19%</b>	<b>17,920,739</b>	<b>1.7%</b>	<b>1.6%</b>	<b>-2.01%</b>	<b>18,293,783</b>	<b>1.8%</b>	<b>1.6%</b>	<b>-7.14%</b>	<b>-17.37%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>SSB BROAD MARKET INDEX &lt; \$2BN</i>				-15.30%	-8.20%				-0.90%				-6.90%	-15.30%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>71,042,608</b>	<b>7.2%</b>	<b>8.0%</b>	<b>-20.31%</b>	<b>-10.53%</b>	<b>79,394,531</b>	<b>7.7%</b>	<b>8.0%</b>	<b>-1.46%</b>	<b>80,618,238</b>	<b>7.9%</b>	<b>8.0%</b>	<b>-9.61%</b>	<b>-20.31%</b>	<b>-10.49%</b>	<b>-2.94%</b>	<b>2.40%</b>
<i>MSCI EAFE - 50% Hedged</i>				-20.02%	-10.88%				-0.24%				-10.04%	-20.02%	-14.62%	-5.75%	0.27%
<b>EMERGING MARKETS EQUITY</b>																	
<i>Capital Guardian</i>	44,022,601	4.5%	5.0%	-16.68%	-10.13%	48,987,379	4.7%	5.0%	2.11%	47,973,196	4.7%	5.0%	-9.20%	-16.68%	-5.69%	-5.69%	-6.04%
<i>MSCI Emerging Markets Free</i>				-16.30%	-10.79%				1.54%				-7.61%	-16.30%	1.30%	-6.34%	-8.42%
<b>DOMESTIC FIXED INCOME</b>																	
<i>Core Bond</i>																	
<i>Western Asset</i>	50,157,445	5.1%	4.3%	3.66%	0.75%	49,850,746	4.8%	4.4%	2.68%	53,392,187	5.2%	4.4%	0.22%	3.66%	8.87%	8.93%	8.26%
<i>Lehman Aggregate</i>				4.58%	1.62%				1.69%				1.21%	4.58%	8.62%	8.10%	7.57%
<i>Active Duration</i>																	
<i>Criterion</i>	49,437,568	5.0%	4.3%	2.57%	0.95%	49,037,195	4.7%	4.4%	1.50%	53,136,191	5.2%	4.4%	0.11%	2.57%	6.00%	7.60%	7.09%
<i>Lehman Aggregate</i>				4.58%	1.62%				1.69%				1.21%	4.58%	8.62%	8.10%	7.57%

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2002**

	Month Ended 9/30/2002					Month Ended 8/31/2002				Month Ended 7/31/2002				Current Fiscal YTD	Prior Year FY02	3 Years Ended 6/30/2002	5 Years Ended 6/30/2002
	Market Value	Allocation Actual	Policy	Quarter Net ROR	Month Net ROR	Market Value	Allocation Actual	Policy	Net ROR	Market Value	Allocation Actual	Policy	Net ROR	Net ROR	Net ROR	Net	Net
<b>Index</b>																	
Bank of ND	59,641,291	6.1%	5.5%	5.96%	2.18%	60,794,462	5.9%	5.3%	2.06%	61,933,680	6.1%	5.3%	1.62%	5.96%	9.56%	8.03%	7.55%
Bank of ND Match Loan CD Program	14,932,255	1.5%	1.5%	1.44%	0.49%	17,078,359	1.7%	1.7%	0.48%	17,133,794	1.7%	1.7%	0.48%	1.44%	5.79%	5.86%	5.90%
<b>Total Index</b>	<b>74,573,546</b>	<b>7.6%</b>	<b>7.0%</b>	<b>4.78%</b>	<b>1.74%</b>	<b>77,872,821</b>	<b>7.5%</b>	<b>7.0%</b>	<b>1.65%</b>	<b>79,067,474</b>	<b>7.7%</b>	<b>7.0%</b>	<b>1.32%</b>	<b>4.78%</b>	<b>9.68%</b>	<b>7.81%</b>	<b>7.47%</b>
<i>Lehman Gov/Corp</i>				5.70%	2.15%				2.24%				1.20%	5.70%	8.24%	7.85%	7.47%
<b>Convertibles</b>																	
<b>TCW</b>	<b>44,401,459</b>	<b>4.5%</b>	<b>4.3%</b>	<b>-9.90%</b>	<b>-4.93%</b>	<b>46,757,908</b>	<b>4.5%</b>	<b>4.4%</b>	<b>2.70%</b>	<b>45,300,082</b>	<b>4.4%</b>	<b>4.4%</b>	<b>-7.73%</b>	<b>-9.90%</b>	<b>-21.20%</b>	<b>-2.06%</b>	<b>N/A</b>
<i>First Boston Convertible Index</i>				-8.56%	-2.99%				0.64%				-6.25%	-8.56%	-12.44%	0.11%	N/A
<b>BBB Average Quality</b>																	
<b>Strong</b>	<b>48,988,744</b>	<b>5.0%</b>	<b>4.3%</b>	<b>0.39%</b>	<b>1.30%</b>	<b>48,421,759</b>	<b>4.7%</b>	<b>4.4%</b>	<b>2.98%</b>	<b>50,416,365</b>	<b>4.9%</b>	<b>4.4%</b>	<b>-3.76%</b>	<b>0.39%</b>	<b>3.16%</b>	<b>6.83%</b>	<b>N/A</b>
<i>Lehman BBB</i>				2.70%	1.43%				3.56%				-2.23%	2.70%	5.85%	4.75%	N/A
<b>Timberland</b>																	
<b>Evergreen (Wachovia)</b>	<b>35,606,528</b>	<b>3.6%</b>	<b>3.6%</b>	<b>-0.22%</b>	<b>-0.07%</b>	<b>35,660,096</b>	<b>3.5%</b>	<b>3.5%</b>	<b>-0.07%</b>	<b>35,451,527</b>	<b>3.5%</b>	<b>3.5%</b>	<b>-0.07%</b>	<b>-0.22%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
															N/A	N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>303,165,290</b>	<b>30.9%</b>	<b>28.0%</b>	<b>0.71%</b>	<b>0.17%</b>	<b>307,600,525</b>	<b>29.8%</b>	<b>28.0%</b>	<b>1.94%</b>	<b>316,763,826</b>	<b>30.9%</b>	<b>28.0%</b>	<b>-1.37%</b>	<b>0.71%</b>	<b>2.56%</b>	<b>6.70%</b>	<b>6.56%</b>
<i>Lehman Aggregate</i>				4.58%	1.62%				1.69%				1.21%	4.58%	8.62%	8.10%	7.57%
<b>HIGH YIELD BONDS</b>																	
<b>Western Asset</b>	<b>54,125,166</b>	<b>5.5%</b>	<b>5.0%</b>	<b>-3.24%</b>	<b>-1.89%</b>	<b>55,167,806</b>	<b>5.3%</b>	<b>5.0%</b>	<b>2.51%</b>	<b>53,818,354</b>	<b>5.3%</b>	<b>5.0%</b>	<b>-3.79%</b>	<b>-3.24%</b>	<b>-6.08%</b>	<b>-3.89%</b>	<b>4.16%</b>
<i>Lehman High Yield Bond Index</i>				-2.93%	-1.31%				2.85%				-4.37%	-2.93%	-3.60%	-2.31%	0.68%
<b>INTERNATIONAL FIXED INCOME</b>																	
<b>International Core</b>																	
<b>UBS Global (Brinson)</b>	<b>58,509,848</b>	<b>6.0%</b>	<b>5.0%</b>	<b>2.39%</b>	<b>0.59%</b>	<b>60,151,707</b>	<b>5.8%</b>	<b>5.0%</b>	<b>1.49%</b>	<b>61,252,263</b>	<b>6.0%</b>	<b>5.0%</b>	<b>0.30%</b>	<b>2.39%</b>	<b>16.83%</b>	<b>2.39%</b>	<b>2.43%</b>
<i>Salomon Brothers Non-US Gov't Bond Index</i>				2.84%	0.61%				1.63%				0.57%	2.84%	15.72%	3.14%	3.03%
<b>REAL ESTATE</b>																	
JMB	1,034,424			1.94%	0.89%	1,025,255			0.57%	1,047,292			0.46%	1.94%	0.92%	1.25%	7.60%
INVESCO	26,898,258			3.78%	1.56%	26,702,075			0.72%	26,628,016			1.46%	3.78%	2.61%	7.70%	N/A
J.P. Morgan	28,936,241			1.64%	0.37%	28,829,583			0.52%	28,680,806			0.75%	1.64%	4.10%	9.60%	11.72%
<b>TOTAL REAL ESTATE</b>	<b>56,868,923</b>	<b>5.8%</b>	<b>5.0%</b>	<b>2.78%</b>	<b>1.01%</b>	<b>56,556,913</b>	<b>5.5%</b>	<b>5.0%</b>	<b>0.63%</b>	<b>56,356,114</b>	<b>5.5%</b>	<b>5.0%</b>	<b>1.12%</b>	<b>2.78%</b>	<b>3.35%</b>	<b>8.64%</b>	<b>9.66%</b>
<i>NCREIF TOTAL INDEX</i>				1.70%	0.56%				0.56%				0.55%	1.70%	6.79%	9.41%	11.96%
<b>ALTERNATIVE INVESTMENTS</b>																	
Brinson IVCF II	280,402			-5.91%	-5.30%	296,090			-0.30%	296,984			-0.35%	-5.91%	-28.90%	3.96%	21.27%
Coral Partners II	288,961			-19.48%	-3.93%	300,784			-1.56%	305,552			-14.86%	-19.48%	-53.48%	-30.67%	-16.01%
Coral Partners V	10,516,776			-17.47%	0.00%	10,389,562			0.00%	10,345,369			-17.47%	-17.47%	-46.32%	-3.46%	N/A
Coral Partners V - Supplemental	734,421			-14.17%	0.00%	725,537			0.00%	722,451			-14.17%	-14.17%	N/A	N/A	N/A
Coral Partners VI	608,359			N/A	N/A	601,000			N/A	598,443			N/A	N/A	N/A	N/A	N/A
Brinson 1998 Partnership Fund	2,147,412			-3.97%	-3.97%	2,209,213			0.00%	2,199,816			0.00%	-3.97%	-15.23%	8.66%	N/A
Brinson 1999 Partnership Fund	2,426,646			-4.67%	-4.67%	2,514,677			0.00%	2,503,980			0.00%	-4.67%	-21.70%	-0.85%	N/A
Brinson 2000 Partnership Fund	3,174,793			-6.93%	-6.93%	3,370,074			0.00%	3,355,739			0.00%	-6.93%	-14.95%	N/A	N/A
Brinson 2001 Partnership Fund	1,018,176			-1.08%	-1.08%	743,658			0.00%	740,495			0.00%	-1.08%	-6.22%	N/A	N/A
Brinson 2002 Partnership Fund	686,547			0.15%	0.15%	354,263			0.00%	144,607			0.00%	0.15%	N/A	N/A	N/A
Total Brinson Partnership Funds	9,453,575			-4.85%	-4.85%	9,191,885			0.00%	8,944,637			0.00%	-4.85%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,140,547			12.07%	12.07%	942,824			0.00%	938,814			0.00%	12.07%	-7.68%	-3.51%	N/A
Brinson 2000 Non-US Partnership Fund	907,252			7.00%	7.00%	837,674			0.00%	834,110			0.00%	7.00%	-6.51%	N/A	N/A
Brinson 2001 Non-US Partnership Fund	445,970			-1.47%	-1.47%	447,146			0.00%	445,244			0.00%	-1.47%	-4.85%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	348,399			N/A	N/A	177,741			N/A	176,985			N/A	N/A	N/A	N/A	N/A
Total Brinson Non-US Partnership Fund	2,842,168			6.90%	6.90%	2,405,384			0.00%	2,395,153			0.00%	6.90%	N/A	N/A	N/A
Brinson BVCF IV	6,891,660			-2.76%	2.70%	6,327,496			2.45%	5,821,827			-7.58%	-2.76%	-29.16%	-17.06%	N/A
Matlin Patterson Global Opportunities	9,125,381			N/A	N/A	7,812,998			N/A	7,779,764			N/A	N/A	N/A	N/A	N/A
InvestAmerica	912,538			0.00%	0.00%	72,120			0.00%	71,813			0.00%	0.00%	N/A	N/A	N/A
Hearthstone	4,756,522			11.34%	11.34%	4,220,392			0.00%	3,842,949			0.00%	11.34%	4.99%	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS</b>	<b>46,410,761</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-7.18%</b>	<b>0.81%</b>	<b>42,343,249</b>	<b>4.1%</b>	<b>5.0%</b>	<b>0.33%</b>	<b>41,124,941</b>	<b>4.0%</b>	<b>5.0%</b>	<b>-8.23%</b>	<b>-7.18%</b>	<b>-29.02%</b>	<b>-0.51%</b>	<b>7.25%</b>
<i>Post Venture Capital Index</i>				-22.64%	-10.01%				-1.69%				-12.55%	-22.64%	-44.30%	-26.03%	-6.83%
<b>CASH EQUIVALENTS</b>																	
<b>Northern Trust STIF/STEP</b>	<b>5,115,135</b>	<b>0.5%</b>	<b>1.0%</b>	<b>0.68%</b>	<b>0.14%</b>	<b>3,269,239</b>	<b>0.3%</b>	<b>1.0%</b>	<b>0.29%</b>	<b>(11,498,644)</b>	<b>-1.1%</b>	<b>1.0%</b>	<b>0.24%</b>	<b>0.68%</b>	<b>2.29%</b>	<b>4.72%</b>	<b>5.01%</b>
<i>90 Day T-Bill</i>				0.45%	0.16%				0.14%				0.15%	0.45%	2.63%	4.67%	4.84%
<b>TOTAL FUND</b>	<b>981,945,114</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-8.86%</b>	<b>-4.91%</b>	<b>1,033,149,615</b>	<b>100.00%</b>	<b>100.00%</b>	<b>1.13%</b>	<b>1,023,597,121</b>	<b>100.00%</b>	<b>100.00%</b>	<b>-5.22%</b>	<b>-8.86%</b>	<b>-6.83%</b>	<b>-0.72%</b>	<b>4.67%</b>
<b>POLICY TARGET BENCHMARK</b>				-9.38%	-5.28%				0.89%				-5.17%	-9.38%	-5.63%	-1.32%	4.65%

NOTE: Monthly returns and market values are preliminary and subject to change.